

August 2, 2011

Memo to:

The Honorable Judge Keith Self
The Honorable Matt Shaheen
The Honorable Cheryl Williams
The Honorable Joe Jaynes
The Honorable Duncan Webb

Thank you very much for placing the Medicare Supplement Insurance RFP out for bid for the retirees of Collin County. Your action has required the respondents to give us their best pricing.

As you know there were only two bidders: United Healthcare through AARP and United American Insurance Company (UA), a division of Torchmark Corporation here in McKinney. AARP used the "average age" pricing model (69.4 years old for the group) while UA used the "attained age" pricing model (the older you are the higher the premium). Different pricing approaches were used by the respondents for both medical coverage and drug coverage. The county is not spending any money for this service so we are request that you look past any bidding requirements imposed by the RFP and award the bid to both providers (the committee unanimously agreed with this recommendation because the pricing model used by UA may be more beneficial to younger retirees while the pricing model used by AARP may be more favorable to older retirees). Retirees still have the option of seeking a third company as their provider for Medicare Supplement Insurance.

Respectfully submitted,

The Retiree Medicare Supplement Insurance Committee